

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: June 20, 2002

To: The Commission
(Meeting of June 27, 2002)

From: Bill Julian
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 1814 (Reyes)** – Internet service providers: notice of service termination.

As Amended April 1, 2002

Recommendation: Support

Summary: This bill would require Internet service providers, when voluntarily exiting the market, to provide customers with 30 days notice of the proposed transfer of service to another Internet service provider or of proposed service termination to each affected customer, as specified.

Analysis: This bill would require Internet Service Providers (ISP's), prior to voluntarily exiting the business of providing Internet service connections, to provide 30 days advance notice of a proposed transfer of service to another ISP or of a proposed service termination to each affected customer. The bill would require the notice to describe the proposed transfer of service to another ISP or the proposed service termination, including all applicable rates, terms, and conditions of a proposed new service, and to include a statement that the customer has the right to transfer to another ISP. The bill would require the notice to include a toll-free customer service telephone number for questions and provides that the transfer of service be effectuated without any cost to the customer. The bill would also preempt any local government regulation of this subject matter.

Despite the CPUC's limited jurisdiction over the Internet and ISPs, the Telco Division recommends supporting this bill because it helps protect California's ISP consumers. Given the fact that both residential and business customers depend on the Internet for multiple purposes (communication, research, financial transactions, etc.), unannounced disruption of

service can cause undue hardships. This requirement will alleviate the hardships by giving customers time to plan for the change.

Fiscal Impact: None.

Contact: Maria Bondonno bon@cpuc.ca.gov
CPUC- OGA (916) 324-8689

Bill Julian, Legislative Director bj2@cpuc.ca.gov
CPUC- OGA (916) 327-1407

BJ:mpg
Attachment

BILL LANGUAGE:

BILL NUMBER: AB 1814 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY APRIL 1, 2002
AMENDED IN ASSEMBLY MARCH 18, 2002
AMENDED IN ASSEMBLY FEBRUARY 28, 2002

INTRODUCED BY Assembly Member Reyes

JANUARY 16, 2002

An act to add Chapter 22 (commencing with Section 22520) to Division 8 of the Business and Professions Code, relating to Internet service providers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1814, as amended, Reyes. Internet service providers: notice of service termination.

Existing law does not require an Internet service provider to notify a customer of proposed service termination.

This bill , *unless otherwise provided by law or contract*, would require an Internet service provider, prior to voluntarily exiting the business of providing Internet service connections, to provide ~~45~~ 30 days' advance notice of proposed transfer of service to another Internet service provider or of proposed service termination to each affected customer under certain conditions. The bill would require a transfer of service to be without charge. The bill would also preempt any local government regulation of this subject matter.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 22 (commencing with Section 22520) is added to Division 8 of the Business and Professions Code, to read:

CHAPTER 22. INTERNET SERVICE PROVIDERS

22520. (a) (1) ~~At~~ *Unless otherwise permitted by law or contract, an* Internet service provider, or any person, firm, or corporation representing the Internet service provider, prior to the Internet service provider voluntarily exiting the business of providing Internet connection service to all of the provider's customers or to an entire class of the provider's customers, shall provide those affected customers with a written or electronic notice at least ~~45~~ 30 days prior to the proposed transfer of those customers to another Internet service provider or the termination of service. The notice shall include all of the following:

- (A) A straightforward description of any proposed transfer.
- (B) All applicable rates, terms, and conditions of a proposed new service.
- (C) A statement that the customer has the right to transfer to another Internet service provider.
- (D) A toll-free customer service telephone number for the purpose of responding to customers' questions.

(2) Any transfer of customer services described in this section shall be effectuated without charge to the customer.

(b) This section supersedes and preempts all rules, regulations, codes, statutes, or ordinances of all cities, counties, cities and counties, municipalities, and other local agencies regarding notice of service termination or transfer of customers by Internet service providers.

~~—(c) Subdivision (a) does not apply if any of the following apply:~~

~~—(1) The Internet service provider has entered into a written contract with the customer and immediate termination is the result of breach of contract under conditions specified in that contract or under the acceptable use policy of the Internet service provider as disclosed at the time that services were contracted.~~

~~—(2) The customer or a user of the customer's service is using the provided service to communicate harassing or threatening material, as determined by the Internet service provider.~~

~~—(3) The customer or a user of the customer's service is using an~~

~~account to send large amounts of unsolicited commercial electronic mail.~~

~~—(4) The customer or a user of the customer's service is using the service in violation of subdivision (c) of Section 502 of the Penal Code.~~

~~—(5) The customer's service has been compromised and is being used by a third party.~~

~~—(6) The customer or user of the customer's service is violating federal or state law.~~